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WTO Trade Talks Collapse in Cancun

Labor Movement concludes that no deal is better than a bad deal

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World trade talks at the 5th Ministerial of the World Trade Organization collapsed since the WTO failed to tackle the needs of developing countries and the social dimension of the international trading system. The labor movement described the outcome in Cancun as a crisis of global governance, but at the same time felt relief with the knowledge "that no deal is better than a bad deal". With more than 150 representatives, including prominent labor leaders such as Guy Ryder, General Secretary of the International Confederation of Free Trade Unions (ICFTU), and Michael Sommer, Head of the German Confederation of Trade Unions (DGB), the Trade Union delegates were the most important voice within civil society that addressed the social vacuum at the heart of the multilateral trading system. In a high number of meetings and events Global Unions stressed the negative employment consequences of trade for millions of rural and urban workers, and violations of workers rights and basic freedoms undermined by competition rules.

Trade Union proposals in Cancun

In the run up to the Cancun Trade conference, a high-level trade union delegation visited several free trade zones in Honduras and the Dominican Republic to show international solidarity and public attention to workers in Export Processing Zones (EPZs). In his first press conference in Cancun, ICFTU General Secretary Guy Ryder described EPZs as an international symbol of the exploitative nature of today's globalization, highlighting broader concerns about the negative impact of WTO rules on workers in the private and public sectors worldwide. He referred to a recent ICFTU survey that shows that the number of EPZs has grown from 79 in 1975 to 3000 in 2002 and which indicates unions are being ruthlessly repressed and that workers living in slum conditions are deprived of basic social services.

Against this background, the labor movement organized in Cancun a trade union conference on the eve of the official WTO 5th Ministerial Meeting to express its key demands. In this high level event that was attended by WTO General Secretary Supachai Panitchpakdi, EU Trade Commissioner Lamy, South African Trade Minister Erwin and US Deputy Trade Representative Shiner, Trade Unions asked for the recognition of the social dimension of trade and better treatment of developing countries in the world trading system.

❑ Textiles and Governance

The labor movement demanded that against the background of the already agreed phase-out of the Multilateral Agreement on Textiles in 2004, the WTO should undertake an urgent review of the textile sector with respect to development sustainability, employment and working conditions. Furthermore, Trade Unions asked for more coherence in the policies of the WTO by collaboration with relevant UN agencies including UNCTAD, WHO and the ILO and not just with the IMF and World Bank in order to achieve the goal of sustainable development. They also

underlined the need for the WTO to reach its decisions in conditions of fairness for all WTO members and transparency.

❑ Agriculture

Delegates of the labor movement demanded further that the Cancun declaration should reassert the need to end all agricultural export subsidies, to reduce and reorient other agricultural subsidies to social and environmental objectives and provide food security for the most vulnerable countries. The Global Unions strongly supported the proposal from Burkina Faso, Benin, Chad and Mali to phase out Northern subsidies in the cotton sector.

❑ Investment (Singapore Issues)

On the Singapore issues Trade Unions criticized that key social and development needs were not reflected in the WTO negotiation proposals, in particular the lack of obligations for multinational companies with regard to the fundamental rights of their workers was an area of major concern.

❑ GATS

Union officials also called for steps to protect public services in the GATS negotiations and a rewriting of the GATS treaty to incorporate government's rights to regulate.

Throughout the 5 days of the conference on the inside of the convention center and in numerous meetings with government representatives labor activists were lobbying for their demands and reworded language proposals for the draft texts of the negotiating groups of the WTO Ministerial.

The Friedrich Ebert Foundation (FES) provided to the debate of trade and development, by hosting nine panel discussions and meetings, providing briefing and background material and by supporting the participation of

representatives from trade unions, NGOs and journalists from the Global South.

Tense negotiations on agriculture and new trade rules

On the floors of the convention center the goal of achieving an agreement on agriculture was the key issue of the WTO summit. For many years developing countries have been demanding that the rich countries eliminate government subsidies for their biggest corporate agricultural exporters, who have flooded world markets with cheap products against which local farmers cannot compete. Early in the conference, a new group of 22 developing countries (G22)* formed to resist any agreement on agriculture until the US and EU put forth a draft text they could accept. Despite intense efforts behind the scenes by the rich countries, the G22, which includes such major players as India, Brazil, China and South Africa, held its coalition together in a defiant effort that surprised observers of the WTO Ministerial.

Yet despite these repeated demands, two versions of a proposed draft Ministerial text over five days, failed to eliminate agricultural export subsidies and this left many developing countries feeling unsatisfied. According to some representatives from the South both draft texts would have allowed the rich countries to keep existing levels of subsidies by simply renaming them into other categories.

Moreover, industrial countries and here particularly the EU and Japan have also been lobbying intensively to introduce four "new issues" into the existing trade negotiations agenda that would have begun talks on an international foreign investment agreement, government procurement, and accords on competition policy and trade facilitation (Singapore Issues). However, during the conference a group of 70 developing

countries formed and issued a statement in which they made clear that they refused to begin any negotiations on these new issues, which they felt would jeopardize their future ability to regulate foreign investment by global corporations in their domestic economies. Despite these clearly stated intentions, the EU and Japan still pushed for the new issues in the proposed draft Ministerial texts, which finally infuriated a coalition of African and Asian countries and caused the collapse of the trade talks.

The United States immediately argued that the stalemate and failure in Cancun was caused by divisions between Europe and the developing world and not by the U.S. This does however not take into consideration, that the U.S. government successfully refused any effort to phase out its subsidies in the cotton sector, which caused outrage by delegates of the African Union.

For the Labor Movement the two versions of the proposed draft Ministerial text during the WTO Ministerial were absolutely unacceptable since none of the Trade Union demands were met. ICFTU General Secretary Guy Ryder responded to the proposals with the words that "If the WTO is to serve a useful role in our globalized world, it must show it can be part of the solution, not part of the problem." He argued that from GATS to the investment proposals, to the cotton negotiations, the WTO is set to do nothing that can tackle poverty and provide decent work for people around the world. Moreover, Union leaders labeled the wording on so-called coherence as an exercise of incoherence, since it refers only to IMF and World Bank but says nothing about the United Nations and the ILO, which could provide a social dimension to the world economy. This is one of the main reasons why the Labor Movement welcomed the collapse of the WTO trade talks. As an immediate response Trade Union delegates demanded that the United Nations must now show leadership in tackling the crisis in Global Governance.

* Members of the newly formed Group of 22 are: Argentina, Brazil, Bolivia, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Venezuela

Lessons to be learned from the 5th WTO Ministerial in Cancun

Only four years after the breakdown of trade negotiations in Seattle the division between the developed countries and the developing world has widened and will cast doubts over the Doha developing round and even the future of the WTO. This means that the timeline of the current round that was supposed to be concluded by 2005, is in jeopardy. For the moment talks will continue at a lower level at the WTO's headquarters in Geneva.

However, one lesson from Cancun is that developing countries were much better organized than at any previous international summit. The collapse of the WTO talks in Cancun is yet another indication of a consensus shift emerging in the debate over what policies ought to shape the global economy. It will give further impetus to the controversy about the development impact of the current multilateral trade regime. The question is not whether trade is necessary, but about how the WTO should operate in ways that support and foster development, tackles poverty and promotes social standards? In this context development experts have suggested for many years that a

more development-oriented and participatory approach requires a reform of the governance structures in the WTO.

The Trade Union Movement did not emerge stronger from the WTO ministerial in Cancun than they came into it. The fact that none of the key demands of the labor movement could be recognized in the trade negotiations leaves a lot to be desired. Union leaders concluded, that new ways must be explored to move the social agenda forward. They expressed in particular concern about the fact, that the new coalition of 22 developing countries (G22) does not support a social framework within the WTO. One immediate conclusion from the experience in Cancun is that lobbying efforts for Trade Union proposals have to be intensified prior to ministerial meetings. In order to ensure this aim Union leaders demanded a stronger presence of the labor movement at the WTO in Geneva.

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